



**HOUSE COMMITTEE ON THE BUDGET**  
Majority Caucus

309 Cannon House Office Building  
[www.budget.house.gov](http://www.budget.house.gov) (202) 226-7270

Vol.1, No. 4

15 March 2001

## **THE PRESIDENT'S TRULY NEW APPROACH TO BUDGETING FOR DEFENSE**

President Bush's call for a comprehensive review of defense strategy bears a superficial resemblance to the previous administration's 1993 defense review. But the President's approach differs from that of his predecessor in fundamental ways – and the distinction is important to grasp for both budgetary and national security reasons.

The President's proposal for National Defense provides \$324.8 billion in budget authority for fiscal year 2002. This represents an increase of \$14.9 billion or 4.8 percent more than the fiscal year 2001 appropriated level. To address immediate quality of life issues, the budget adds \$5.7 billion: \$1.4 billion for a military pay raise and other benefits, \$3.9 billion for health benefits to over-65 military retirees, and \$400 million for military housing. The budget also adds \$2.6 billion in research and development funding as a down payment on President Bush's plan for transforming the U.S. military to meet emerging, and increasingly complex, global threats.

The need for this transformation is growing urgent: speed, information, and stealth are becoming the essential components of the United States' ability to defend itself. Land forces must be lighter, but more lethal. Air forces must strike across the world with pinpoint accuracy. Naval forces must maximize their ability to project power from sea to land. Homeland defenses must neutralize the emerging threat of terror weapons. Meanwhile, globalization has fostered the rapid spread of militarily relevant technologies throughout the world.

But U.S. forces are now predominantly equipped with weapons from the 1980s – ready to fight the cold war that

ended a decade ago. As the potential threats become more unpredictable, the United States will be challenged to maintain its clear military superiority in the coming decade.

The previous administration had an opportunity to address this challenge through its own strategic review. It opted instead to maintain a downsized version of America's cold war military. Consequently, forces were cut 40 percent and equipped with smaller-than-projected numbers of cold war weapons. At the same time, open-ended peacekeeping operations and confused budget priorities created the military's present readiness and retention shortfalls.

This inherited situation increases the importance of the President's "transformation strategy." While some defense analysts believe the President should immediately add tens of billions of dollars to address current shortfalls – which would only add funds to the flawed strategy of the previous administration – the President has insisted new funds will fund the recommended actions of Defense Secretary Rumsfeld's comprehensive review. The review will seek to avoid marginal improvements and short term "fixes." It will aim to incorporate new technologies that will support a new strategy. Then is the right time to determine the appropriate resources, and the means of financing, for these new defense priorities.

"[B]efore we make our full investment," the President has said, "we must know our exact priorities, and we will not know our priorities until the defense review is finished." As the discussion above shows, the President is striking a distinctly new course with respect to both military strategy and national security budgeting.

Prepared by ..... **Mike Lofgren**  
**Budget Analyst for Defense**